



International Host Nation CAS

Group Leaders Conference
28 Feb - 3 Mar
2000

Michael J. Buchanan, DCMC-OB

Robert F. Hunter, DCMC-BA

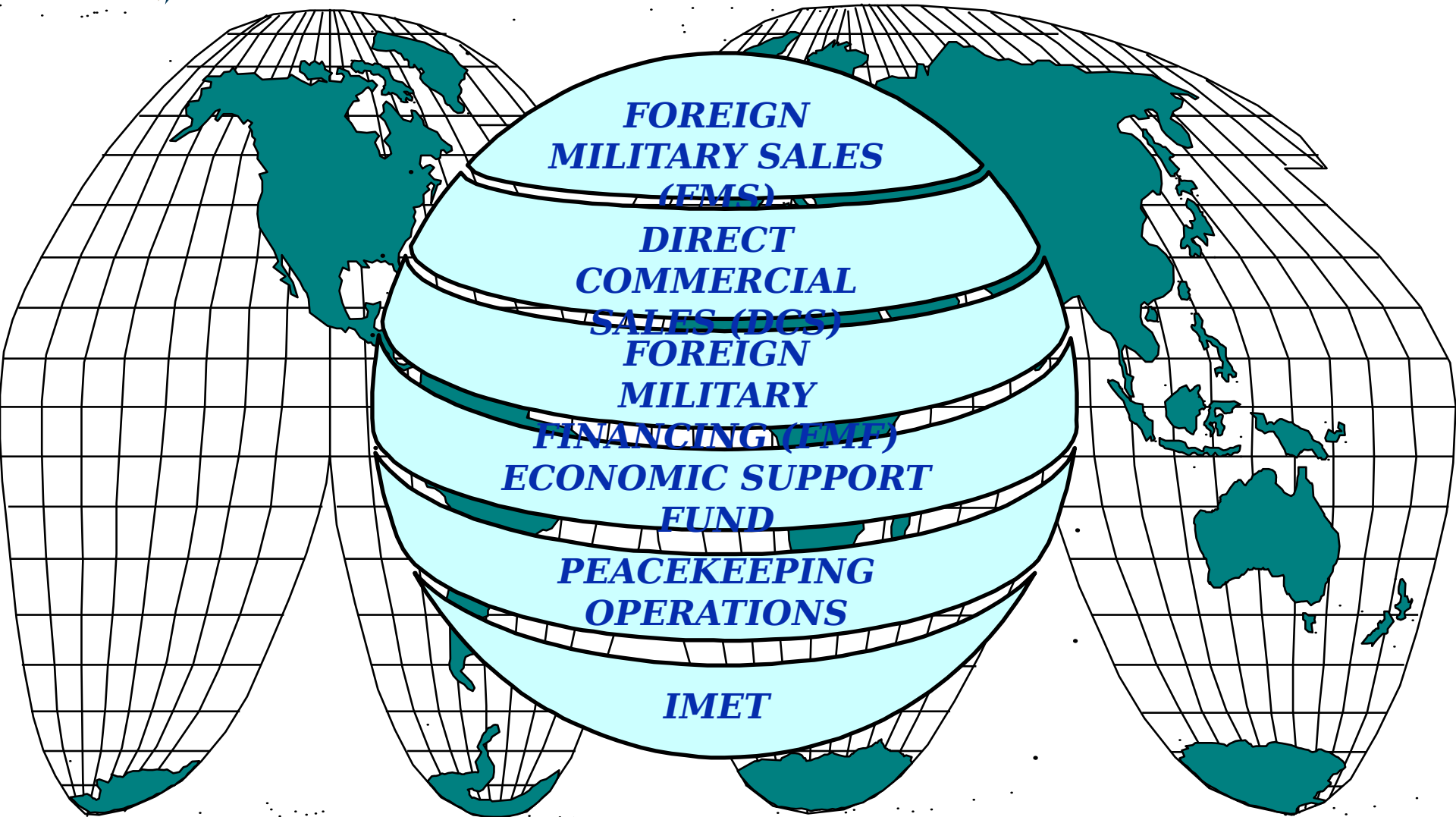


Definition

- International Host Nation CAS -
 - One Nation Performing Government Contract Administration Services on Behalf of Another Nation in Accordance with an Agreement
 - Services Restricted to Defense Procurements
 - No-Charge or Fee-for Service



Security Assistance Programs





International Agreements

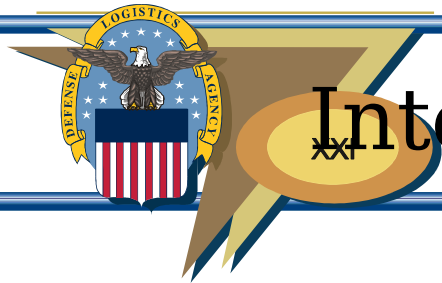
- Defense Procurement and Industrial Cooperation Agreements
 - Encourage Defense Cooperation
 - Promote Standardization and Interoperability
 - Levels the Competitive Playing Field
 - Waive “Buy National” Provisions
 - CAS Services to be Exchanged are Included
 - Normally as a Separate Annex



International Agreements

- OUSD (AT&L) Defense Procurement (Foreign Contracting) Negotiates, Implements, and Administers International Agreements
 - Office of Primary Responsibility
- DCMC Support to OUSD Foreign Contracting
 - Recognized CAS Experts
 - Involved in New Agreement Process
 - Provide Ongoing Insight into Effectiveness

<http://www.acq.osd.mil/dp/fc/>



International Agreement CAS Annex

- Identify Services to be Exchanged
- Set Forth Policy and Procedures
- Identify Central Control Points
- Identify Billing Process (Fee-for-Service)
- Specify Use of a Process Description Document or Implementation Plan
- Foreign Governments Initiate Reciprocal Agreements, Not DCMC



Official Documentation

MOU - Top Level

Document
**Defense Cooperation Agreement
/ Memorandum of Understanding
(MOU)**

**OUSD
(Foreign
Contractin
g)**

Annex - CAS Service (Policy)

**Annex to MOU -
Reciprocal QA Agreement**

DCMC

Policy

**Reciprocal COA
Implementation
Delegation Process Document**



A Two-Way Street

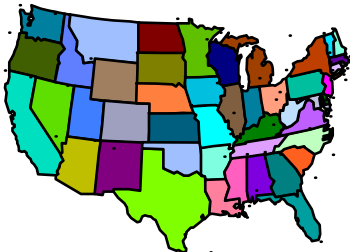
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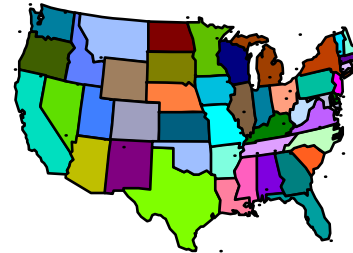
**CAS
Requests
From
Around the
World**



**DoD
Central
Control
Point**



**CAS
Performed
in the USA
by DCMC
CAOs**



**Requests From
the USA or
Contracts to
be Performed
Outside the
USA**



DCMDI CAO



**CAS
Performed
by
DCMDI or
Host
Nations**

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Who is the Host Nation?

- For CAS Performed By DCMC in the U.S. Under the Terms of an International Agreement - YOU ARE!
- Comply with the Terms of the Delegation Received from the Central Control Point



Host Nation CAS Funding

- Foreign Military Sales (FMS) - 1.5 % CAS Surcharge
 - 0.5% Quality Assurance (DCMC)
 - 0.5% Other Contract Administration (DCMC)
 - 0.5% Contract Audit (Financial - Includes Field Pricing)
(DCAA and DCMC)
 - DCMC Earnings Based on Contract Disbursements
 - No Functional Specialist Reporting
- Direct Commercial Sales (DCS)
 - Hourly Rate Charge for Actual DCMC Hours Worked
 - Functional Specialist Reports Effort in PLAS/DCARRS



Waiver of Charges

- Waivers Authorized by Arms Export Control Act
- Charges for CAS may be Waived for NATO Nations with Whom the U.S. has an Agreement for the Exchange of Such Services on a Reciprocal Basis
 - Includes some NATO Organizations and Programs
 - DoD 5105.38 M - Security Assistance Management Manual, Table 1301-1
- Waivers Correspond to Three Components of FMS CAS Surcharge
- Waivers Apply to FMS and DCS

<http://web.deskbook.osd.mil/reflib/MDOD/004dm/001/004dm001doc.htm>



Countries With Agreements

☒ Australia

☐ Belgium

☐ Canada

☐ Denmark

☐ France

☐ Germany

☐ United Kingdom

☒ Sweden

☐ Norway

☐ The Netherlands

☒ Korea

☐ Italy



☐ Greece

Spain

Turkey

☒ Israel

Czech Republic

Egypt

Bulgaria

Portugal

☒ Fee for Service
☐ NATO Reciprocal



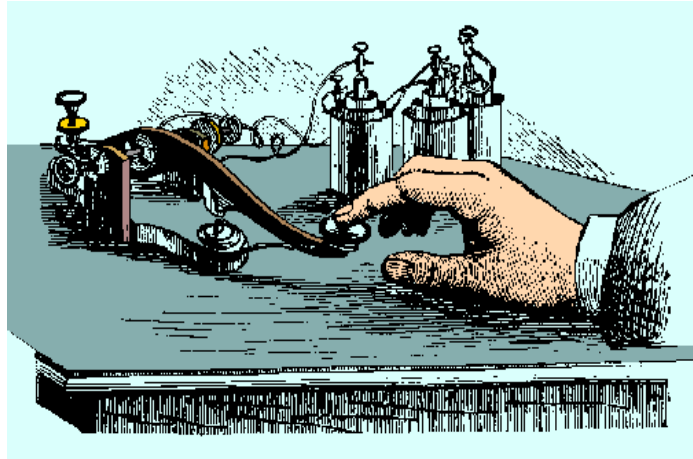
CAS Covered by Agreements

- All Current Agreements Exchange QA
- Canada, France, Germany, The Netherlands, and United Kingdom Agreements Also Exchange Contract Audit Services (Including Some NATO Agencies)
- France has Waiver of All CAS Services
- Services are Performed in Accordance with the National Practices of the Host Nation

<http://web.deskbook.osd.mil/reflib/MDOD/004dm/001/004dm001doc.htm>



Benefits of Host Nation CAS



**Cost
Effective
Reduces
Language
Misunderstandi
ng
Reduces Cultural
Misunderstanding**



**Strengthens
International
Relationships
Contractor
Performance Risks
are Better Known
Improved
Customer
Satisfaction**





DFARS 246.406 - Foreign Governments

- NATO Standardization Agreement (STANAG) 4107 Mutual Acceptance of Government Quality Assurance and Usage of the Allied Quality Assurance Publications (AQAPs)
 - Contains Processes, Procedures, Terms and Conditions Under which Nations Exchange GQA
 - Has Been Ratified by the US with Reservations
 - Contract QA Requirements Other than AQAPs
 - Without Charge if we Have an Individual Agreement



DFARS 246.406 - Foreign Governments

- Departments and Agencies shall follow STANAG 4107 when
 - Asking a NATO Nation to Perform GQA
 - Performing QA when Requested by NATO
- International Military Sales
 - Perform QA services IAW Existing Agreements
 - Delegate QA to the Host Government when Satisfactory Services are Available



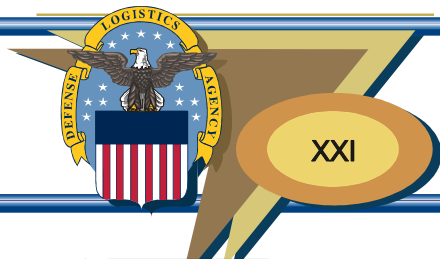
STANAG 4107 Requirements

- Appropriate Contractual NATO QA Requirements (AQAPs) will be Used (U.S. Reservation)
- Guidance Type AQAPs will be Used When Evaluating Contractors Compliance (AQAP-119)
- GQA at Source is Considered Essential to Reduce or Eliminate Risk Areas that have been Identified
- GQA Shall be Requested in a Timely Manner
- Delegate IAW the Guidance of AQAP-170 - NATO Guide for the Delegation of GQA

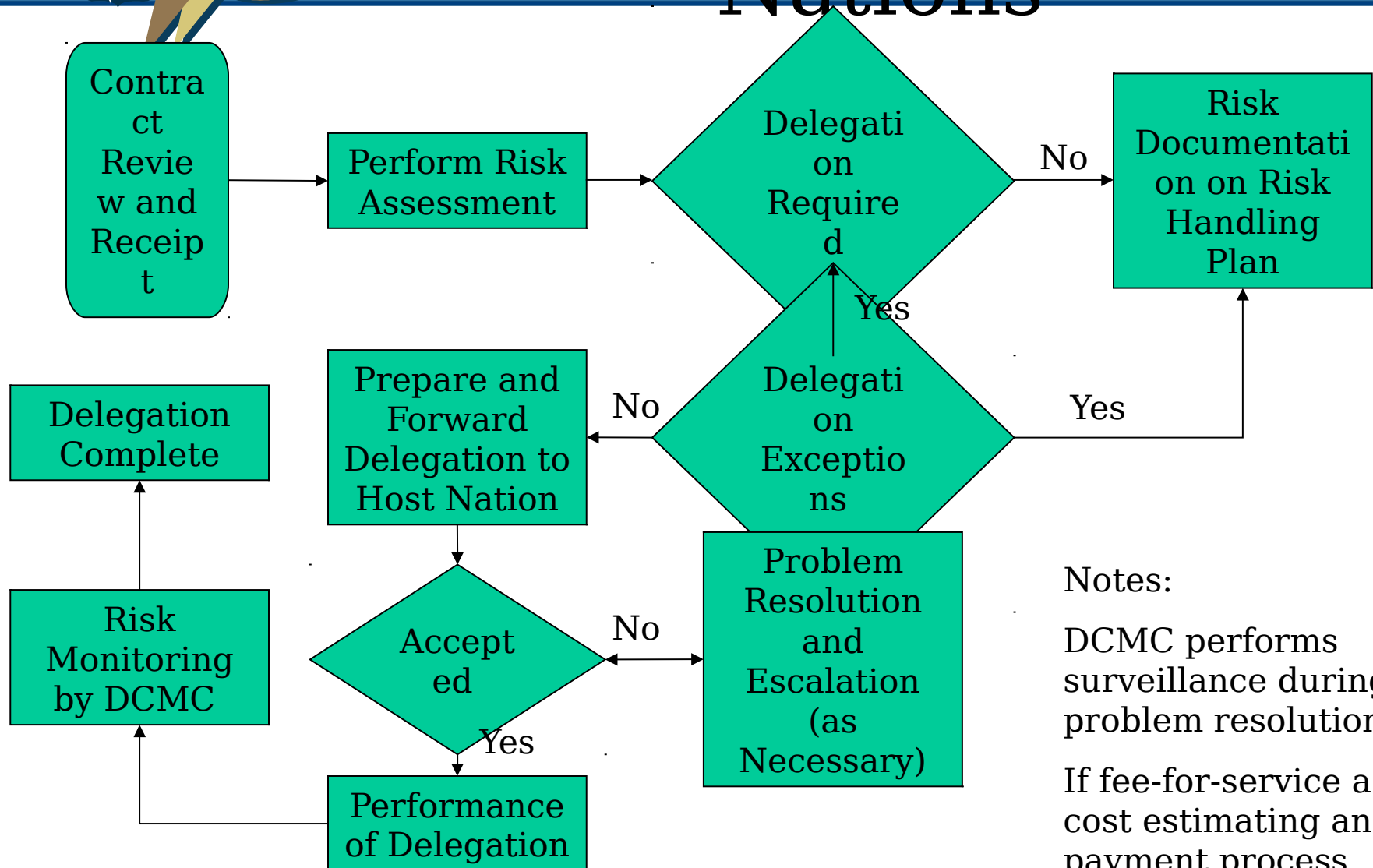


AQAP-170 Requirements

- Risk Assessments (National Practices)
 - Product Risk (Delegator) and Contractor Risk (Delegatee)
- Detailed Tasking to Mitigate Identified Risks
- GQA Plan (Risk Handling Plan)
- Notification of Unsatisfactory Conditions
- Deviation Permit and Waiver (QAR Authority)
- Certificate of Conformity (Contractor and QAR)
- GQA Completion Notification
- GQA Record Retention (National Practices)



Delegations to Host Nations



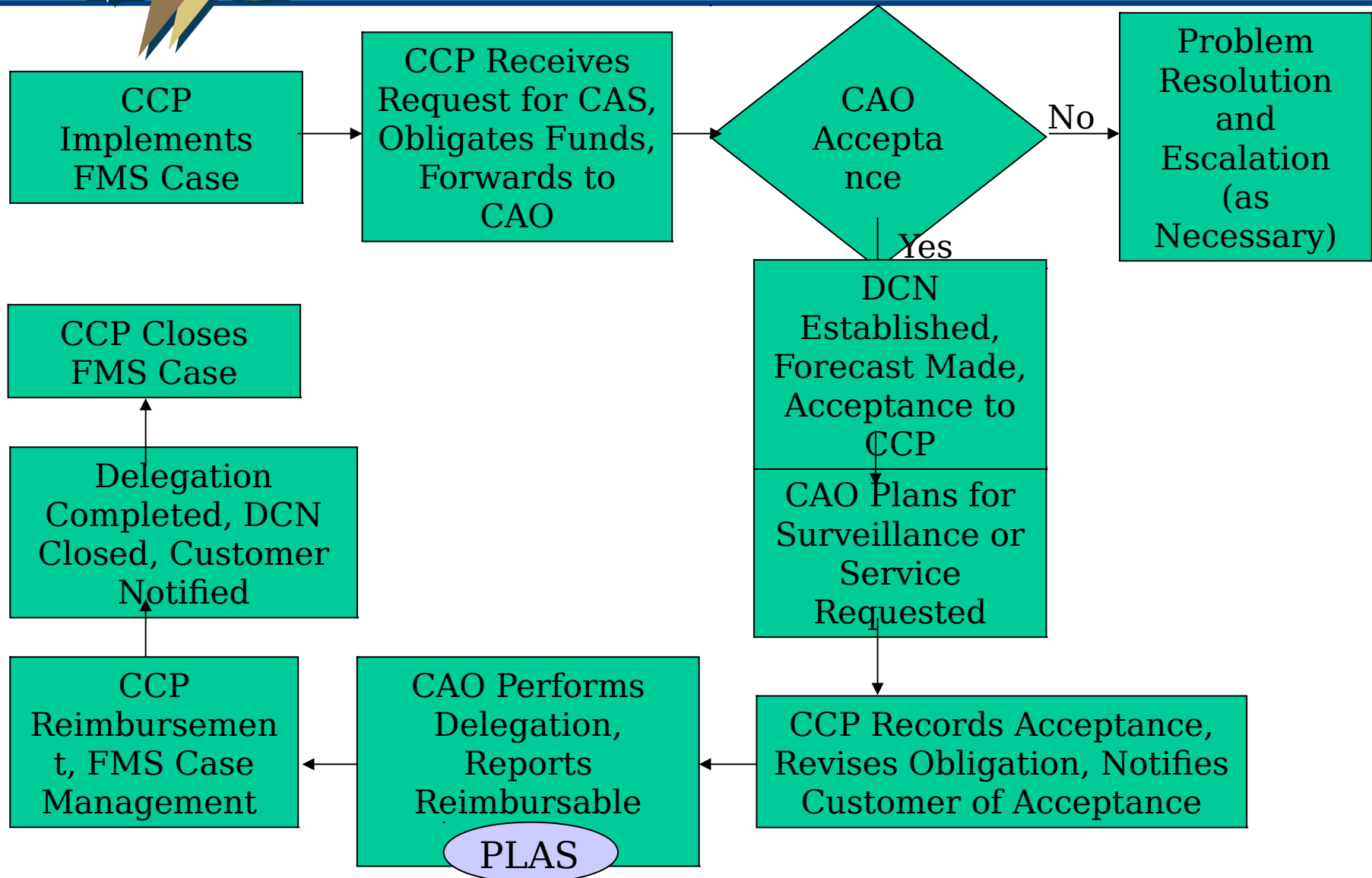
Notes:

DCMC performs surveillance during problem resolution.

If fee-for-service a cost estimating and payment process would be included.



Delegations to the U.S.





New QA Agreement Process

- Foreign Government Requests the Agreement
 - Ministry Level to OSD
- DCMC Tasking from OUSD
 - Evaluate the QA Management System
- Initial Meeting with Host Nation and ODC
- Up-Front Planning Meetings (All Parties)
 - Define Requirements
 - Define Responsibilities
 - Define the Process
 - Establish Working Group
 - Establish Senior Management Group
 - Organization Commitment (DCMC and Host Nation)



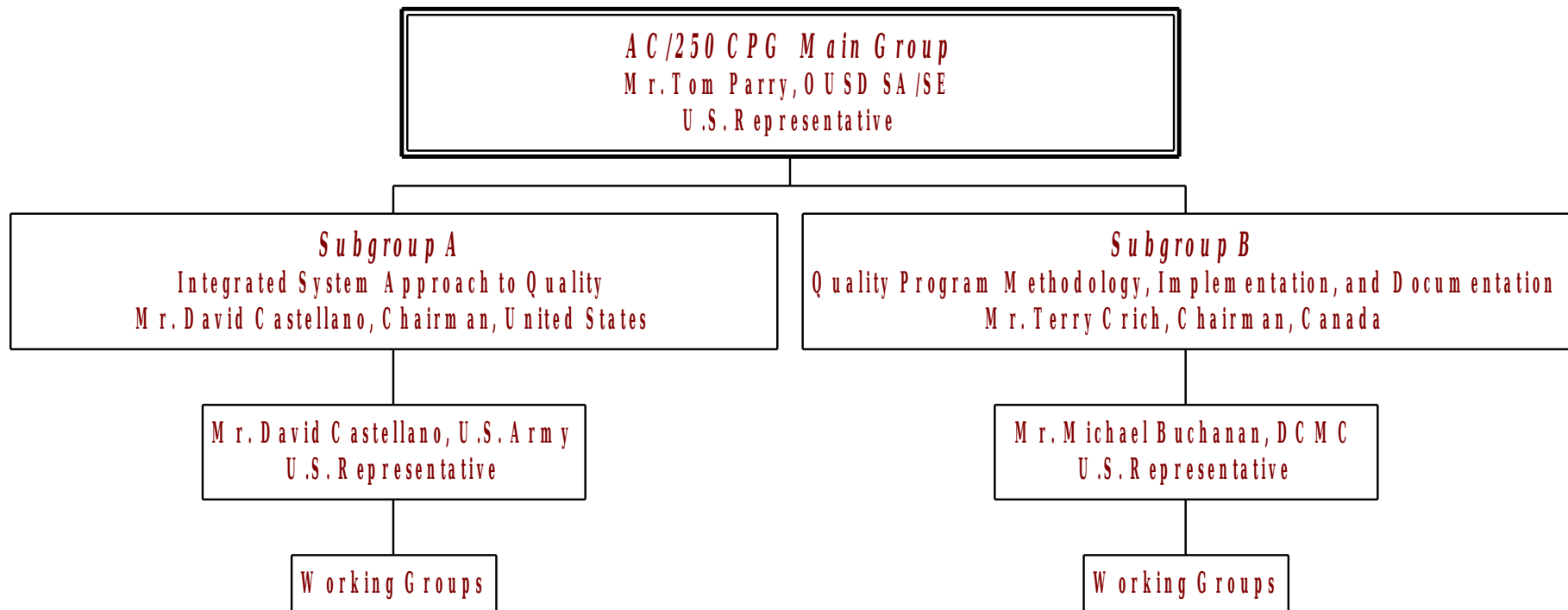
New QA Agreement Process

- Translation of QA Documents
- Commercial Audit Approach
 - Established Criteria
 - Procedures Review and Validation Activity
 - Recorded Results
 - Improvement Opportunities
- Identify Fiscal Impact
- Draft and Coordinate the Agreement or Annex
- Establish Delegation Operating Procedures
- Implement the Agreement and Continuous Process Insight
- Target - Two-Year Process



NATO Programs

Group of National Directors for Quality Assurance



<http://www.nato.int/docu/handbook/1998/index.htm>



AC/250 Subgroups

Subgroup A

- SW/HW Integration
- Project Management
- Through-Life Quality Management

Subgroup B

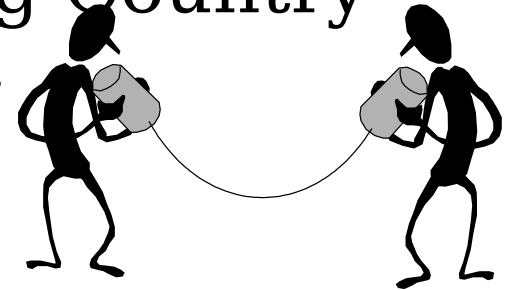
- Reciprocal GQA
- All Documentation
 - STANAGs
 - AQAPs
- Partnership for Peace (PfP) Administration
- Training and Liaison

<http://www.nato.int/docu/standard.htm>



Communication

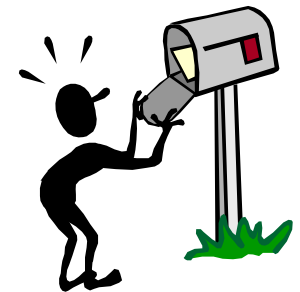
- Sharing of Risk Information
 - Contractor Performance on Current Contracts of the Requesting Country
 - GQA Surveillance Planning
 - Risk Feedback
- Problem Solving
 - Direct QAR to QAR Communication
 - Central Control Point





Process Improvements

- Better Risk Assessments / Risk Based Delegation
 - Internal and External
- Sub-Delegations within DCMC
- Timely Delegation Acknowledgement
 - No Charge and Reimbursable
- Billing Timeliness and Accuracy
- No Direct Delegations Please
 - All Should Come from the U.S. Central Control Point
- GQA Completion Notification





International and Federal Business Team

- DoD Central Control Point (DCMC New York) and Reimbursable Program Office (Boston) Being Consolidated within Business Operations at DCMC HQ
- Increased Visibility to the Command, Improved HQ Oversight of Mission and Financial Status
- Transfer to be Completed by 30 Jun 00



Questions



- Bob Hunter
 - Central Control Point
 - 703-767-4102
 - 718-390-1063
 - rfhunter@dcmde.dla.mil
- Mike Buchanan
 - Host Nation & NATO Programs
 - (703) 767-2796
 - mbuchanan@dcmchq.dla.mil

**Additional Information on International Host Nation
CAS can be found at [http://www.dcmc.hq.dla.mil/
cassites/Intl/hostcas.htm](http://www.dcmc.hq.dla.mil/cassites/Intl/hostcas.htm)**